

WASHINGTON POST

11 March 1985

ARTICLE APPEARED  
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## Navy Accuses Sub Builder of Security Breach

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Vice Adm. Earl B. Fowler, chief of naval shipbuilding, has charged General Dynamics Corp. with a "blatant disregard for and breach of security regulations" after the unauthorized release in an internal company financial report of 19 highly sensitive photographs of the Trident ballistic-missile submarine.

In a letter to General Dynamics Chairman David S. Lewis, Fowler accused the company and its submarine building division, Electric Boat, of showing a "cavalier attitude" and losing control of information "damaging to the national security."

Fowler told Lewis that a Navy assessment of the photographs determined that they "reveal technical information about production methods and hull and internal structural features as well as nuclear propulsion plant machinery arrangement. Information of this nature is important in the analysis of a submarine's speed, propulsion plant characteristics, survivability and vulnerability."

The color photographs were included in a dozen or more copies of a quarterly financial report on Electric Boat. The quarterly reports were used in presentations to Lewis and the company's corporate head-

quarters staff at meetings normally attended by all company division managers and their support staffs.

A copy of the financial report containing the photographs was provided to the Justice Department by P. Takis Veliotis, former general manager of Electric Boat and later an executive vice president and General Dynamics corporate board member. He now is under indictment for allegedly taking kickbacks on ship construction while he worked for General Dynamics.

Veliotis, who lives in Greece and is considered a fugitive by the Justice Department, is also cooperating with a federal investigation of General Dynamics.

Veliotis said Gary S. Grimes, his former deputy, gave him a copy of the report containing the photographs 10 months after Veliotis left General Dynamics and at a time when Veliotis was considering making a hostile takeover bid to win control of the company.

The Trident is considered the most secure and survivable component of the U.S. nuclear-deterrent force, which includes land-based missiles and bombers. It was specially designed with the most advanced quieting features in its engine room and reactor compartment to foil detection by Soviet anti-submarine forces.

A senior intelligence official said last week that Central Intelligence Agency analysts conducted a similar

assessment of the photographs in the General Dynamics report to determine how much the Trident's secrets could be compromised and that the CIA's conclusion mirrored Fowler's statements in the letter to Lewis.

One intelligence official summarized what he said was the reaction of submarine experts as: "Oh, my God, we would love to have those kind of photographs of their [the Soviets'] submarines."

A General Dynamics spokesman said the company would not comment on Fowler's charges because they involved security matters.

In an interview, Veliotis said he received the photographs in March 1983, nearly a year after expiration of his top-secret security clearance, during a day-long meeting with Grimes at Veliotis' home in Milton, Mass. Veliotis said Grimes gave him the quarterly report and two Electric Boat planning documents.

Grimes currently is general manager of General Dynamics' Quincy shipbuilding division south of Boston. He was not available for comment last week. But according to Navy officials, he has told General Dynamics that he did not give the reports containing the photographs to Veliotis.

In his letter, Fowler said unauthorized release of the photographs constituted "willful violation" of General Dynamics' contract to build Tridents, and he informed Lewis that the Navy is conducting a "thorough investigation into the creation of these documents and their

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release." He added that he would take "appropriate action" after receiving the results. Fowler told Lewis that sanctions for the "compromise of classified information" include criminal penalties and "revocation of individual or facility security clearances."

According to interviews with Navy and intelligence officials, the photographs show the Trident's hull as well as other classified features important to the submarine's mission and survivability. Trident hull sections are routinely covered with green shrouds at public ceremonies to prevent detailed photographs.

Veliotis said he turned over the photographs to the Justice Department in part to counter reports that some Navy officials were concerned that he would use his detailed knowledge of U.S. submarine secrets to force prosecutors to drop his indictment.

Justice Department officials said last week that they have received no indication from Veliotis during his 18 months under indictment that he would try to use such leverage.

General Dynamics has vigorously denied Veliotis' allegations and portrayed him as a vengeful former employee who took kickbacks and then turned on the company after being indicted and after it froze \$9 million of his assets.

Rep. John D. Dingell (D-Mich.) has asked Navy Secretary John F. Lehman Jr. and Defense Secretary Caspar W. Weinberger to provide his House Energy and Commerce subcommittee on oversight and investigations with a full report on how the photographs in the General Dynamics report were released.

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*Staff researcher Kevin Spear contributed to this report.*

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